

## Message Text

CONFIDENTIAL

PAGE 01 CARACA 09294 292309Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----035953 292312Z /13

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FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC NIACT IMMEDIATE 4053

C O N F I D E N T I A L CARACAS 9294

EXDIS

E.O. 11652: GDS  
TAGS: ENRG, VE  
SUBJECT: MESSAGE TO PRESIDENT PEREZ ON OIL PRICES

REF: STATE 247461

1. IN RESPONSE TO CHARGE'S SEPT 28. REQUEST FOR APPOINTMENT WITH PRESIDENT PEREZ, MINISTER OF PRESIDENCY LAURIA CALLED SEPT 29 TO SAY PRESIDENT PEREZ HAD AN EXTREMELY FULL SCHEDULE TODAY AND HAD ASKED HIM (LAURIA) TO RECEIVE CHARGE. IN SUBSEQUENT MEETING IN LAURIA'S OFFICE, CHARGE MADE PRESENTATION BASED ON TALKING POINTS OF REFTEL, STATING THAT HE WAS DOING SO ON BEHALF OF PRESIDENT CARTER, AND REQUESTING THAT LAURIA MAKE KNOWN THE USG POINT-OV-VIEW TO PRESIDENT PEREZ. CHARGE CONCLUDED BY ASKING THAT THE GOV RECONSIDER ITS POSITION ON OIL PRICES, AND THAT MINISTER HERNANDEZ BE INSTRUCTED TO DESIST FROM HIS EFFORTS TO OBTAIN A PRICE INCREASE AT THIS TIME.

2. IN REPLY, LAURIA SAID HE WOULD CONVEY USG POSITION TO PRESIDENT PEREZ THIS EVENING AROUND SEVEN P.M., AND HE THOUGHT PRESIDENT PEREZ WOULD BE WILLING TO RECONSIDER THE CURRENT GOV POSITIN, ALTHOUGH HE DOUBTED THAT THIS WOULD RESULT IN ANY CHANGE. ACCORDING TO LAURIA, GOV'S POLICY IN FAVOR OF AN INCREASE IN PRICES IS THE SAME AS THAT EXPOUNDED BY PRESIDENT PEREZ TO THE SECRETARY  
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DURING HIS VISIT HERE IN DECEMBER,1977.

3. LAURIA WENT ON TO SAY THAT CHARGE'S PRESENTATION REFLECTED INACCURATE UNDERSTANDING OF HERNANDEZ' ACTIVITIES ON HIS CURRENT TRIP. HERNANDEZ WAS NOT "STIMULATING" SENTIMENT FOR TWO PRICE INCREAS  
ES.  
HE WAS "CONSULTING" TO DETERMINE HOW OTHER OPEC MEMBERS FELT

ABOUT TWO SMALLER INCREASES RATHER THAN ONE LARGE ONE AT THE FIRST OF THE YEAR. LAURIA ADMITTED THAT VENEZUELA WOULD FAVOR SUCH A TWO-STEP PROCESS, BUT WOULD NOT ARGUE FOR IT IN THE ABSENCE OF A CONSENSUS WITHIN OPEC. VENEZUELA BELIEVED AN INCREASE AFTER TWO-YEAR PRICE FREEZE WAS JUSTIFIABLE, AND CONSIDERED THAT THE IMPACT OF A FIVE PERCENT INCREASE AT PRESENT AND A FURTHER SMALL INCREASE IN JANUARY WOULD BE LESS DISRUPTIVE THAN ONE LARGE PRICE HIKE FOLLOWING THE NEXT REGULAR OPEC MEETING. LAURIA RECALLED VENEZUELA'S TRADITIONAL POSITION AS A "MODERATE" IN OPEC AND SAID IT WOULD BY NO MEANS GET OUT IN FRONT IN ADVOCATING THE TWO-STAGE APPROACH. FINALLY, HE SAID VENEZUELA BELIEVED IT DESERVED A HIGHER PRICE FROM ITS OIL BECAUSE OF ITS INCREASING NEED TO MEET RISING PUBLIC EXPENDITURES AND TO COMPENSATE FOR THE DECLINE IN PURCHASING POWER OF THE DOLLAR. ALMOST AS AN AFTERTHOUGHT HE ADDED THAT IT WOULD NOT HURT THE AD PARTY'S NATIONAL ELECTORAL PROSPECTS IN THE DECEMBER ELECTION IF IT COULD TAKE CREDIT FOR A SMALL INCREASE IN OIL PRICES BEFORE THEN.

4. COMMENT: LAURIA IS LITERALLY PRESIDENT PEREZ' RIGHT-HAND MAN, AND HIS VIEWS MAY BE TAKEN AS ACCURATELY REFLECTING THOSE OF THE PRESIDENT. TO WHAT EXTENT HERNANDEZ IS ONLY "CONSULTING" RATHER THAN CAMPAIGNING FOR A TWO-STEP INCREASE MAY BE LARGELY SEMANTIC, ALTHOUGH IT IS TRUE THAT GOV HAS USUALLY TAKEN A MIDDLE-GROUND POSITION IN OPEC DELIBERATIONS. IT WILL BE RECALLED THAT HERNANDEZ TOLD US (CARACAS 8348) THAT HE PERSONALLY FAVORED A TWO-STEP INCREASE. AS LAURIA INDICATED, DOMESTIC POLITICAL CONSIDERATIONS  
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ARE PROBABLY ALSO BEING GIVEN ADDED WEIGHT IN THIS VENEZUELAN ELECTION YEAR.  
CROWLEY

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## Message Attributes

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**Draft Date:** 29 sep 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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